

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 24, 1998

H.R. 1756

Money Laundering and Financial Crimes Strategy Act of 1998

As ordered reported by the House Committee on Banking and Financial Services on June 11, 1998

SUMMARY

H.R. 1756 would direct the Secretary of the Treasury to develop a national strategy for combating money laundering and related financial crimes. The bill also would direct the Secretary to establish a grant program to support state and local law enforcement efforts against such crimes. This legislation would authorize the appropriation of \$50 million over the 1999-2003 period to carry out these programs.

CBO estimates that implementing H.R. 1756 would result in additional discretionary spending of about \$36 million over the 1999-2003 period, assuming appropriation of the authorized amounts. This legislation could lead to an increase in receipts, so pay-as-you-go procedures would apply, but we estimate that any increases would be less than \$500,000 annually.

H.R. 1756 contains no intergovernmental or private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1756 is shown in the following table. For the purposes of this estimate, CBO assumes that the authorized amounts will be appropriated by the start of each fiscal year and that outlays would be consistent with historical spending patterns for similar programs. The costs of this legislation fall within budget function 750 (administration of justice).

]	By Fiscal Year, in Millions of Dollars				
	1999	2000	2001	2002	2003	
SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	5	7	10	13	15	
Estimated Outlays	1	4	8	10	13	

Note: Enacting H.R. 1756 could increase governmental receipts through donations from grant recipients, but we do not expect any such amounts to be significant.

PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Many of the grants established by H.R. 1756 would be used to expand investigations into financial crimes and could result in the forfeiture of more criminals' assets to state and local governments. The bill would require grant recipients to pay to the Department of the Treasury amounts received as a result of successful investigations, up to the amount of the individual grant. These payments would be classified as governmental receipts, but we do not expect any such amounts to be significant.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1756 contains no intergovernmental mandates as defined in UMRA. The bill would establish grant programs for state and local law enforcement efforts to prevent and prosecute money laundering and other financial crimes. To qualify for these grants, state and local agencies would have to meet certain conditions, including relinquishing claims to a portion of the assets that are forfeited as a result of civil or criminal prosecution. Because these requirements would be conditions of assistance, they would not be considered mandates under UMRA.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 1756 contains no new private-sector mandates as defined in UMRA.

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